

**MINUTES OF IWCC MEDICAL FEE ADVISORY BOARD
IWCC CHICAGO OFFICE, ORAL ARGUMENT ROOM
HELD ON NOVEMBER 15, 2007**

Present at the meeting were:

Dennis Ruth, Chairman
Ms. Maddy Bowling, Employer Representative
Ms. Elena Butkus, Medical Provider Representative
Mr. John Smolk, Employer Representative
Ms. Kathryn Tazic, Employer Representative

Other attending IWCC board members were:

Mark Flannery, Workers' Compensation Advisory Board
Mr. David B. Menchetti

IWCC staff present at the meeting were:

Mr. Glen Boyle, Medical Fee Schedule Project Manager
Amy Masters, Secretary of the Commission
Susan Piha, IWCC Research and Education Manager

~~~~~

Chairman Ruth called the meeting to order at 9:10 a.m.

After some discussion by the board regarding CPT codes in regards to their migration and changing, the minutes from the August 23, 2007 meeting were unanimously approved as presented.

Chairman Ruth next provided the board with a Commission update. He noted the number of review decisions has increased to 1,600 in the past fiscal year due to the contributions of the new commissioner panel. He also noted that the Insurance Compliance division has already collected \$600,000 in fines this fiscal year, and has set a goal of collecting a record-breaking \$2 million by the end of the fiscal year.

Next, Glen Boyle, Medical Fee Schedule Project Manager, spoke about recent updates in the development of rules and codes for the ambulatory surgical treatment centers (ASTC).

Mr. Boyle discussed the methodology by which the ASTC facility fee schedule was calculated, in relation to the hospital outpatient surgical facility fee schedule. Referencing the Government Accountability Office (GAO) Report, it was determined that ASTC costs are approximately 84% of hospital costs.

Mr. Boyle outlined the calculations used to develop ASTC. First standard carve-outs were removed from the hospital outpatient surgical fee schedule, then radiology and pathology and laboratory charges were also removed to determine the base amount. The base amount was then multiplied by 84%. With ASTCs, all pathology, laboratory and physical therapy charges will then be billed under the professional services schedule. In the rare occasion an ASTC bills for those services, they will need to submit those bills on a 1500 form for reimbursement.

Chairman Ruth addressed some of the issues presented in a letter submitted to the board by the Illinois Employment Law Council. In regards to lowering the percent of reimbursement, the Chairman noted the GAO study is actually a study of comparative costs, as opposed Medicare's policy of reimbursing at rates their budget allows.

The board discussed Medicare's policy for setting reimbursement rates. Chairman Ruth also reminded the board it was always the intent during the legislative process that the medical fee schedule should not be based on Medicare rates.

The board agreed to take public comments.

Mr. Jay Shattuck with the Illinois Employment Law Council spoke regarding the possible availability of other analytic studies related to ambulatory surgical center fees, and suggested the reimbursement rate should be somewhere in between 84% and the Medicare rate of 65 to 70%. Mr. Boyle pointed out that the reimbursement rate, after adjustment for radiology and path & lab, was actually lowered from 84% to 81.3%.

Ms. Barb Malloy with the City of Chicago informed the board she spoke with GAO and she believes the case mix included in their report does not adequately represent a workers' compensation case mix.

Chairman Ruth noted that all fee schedules were based off data that was never limited to just a workers' compensation case mix. He also added that the Commission was very close to completing a fee schedule defining 90 to 95% of all fees. Without verifiable data to complete this schedule, it will remain at 76 percent of charge.

Ms. Maddy Bowling noted the GAO report could still be utilized, and suggested Mr. Boyle further discuss the report with Ms. Malloy. Mr. Boyle agreed.

Next Mr. Boyle discussed the rehabilitation facilities fee schedule. Mr. Boyle explained the schedule was developed from data obtained from the Illinois Department of Public Health, using major, recognized categories and analyzing their associated primary diagnosis codes.

The schedule is made up of 13 per diem groups based on approximately 800 primary diagnosis codes. Only two geozips, 601 and 606, would be affected due to location of the three rehab facilities. Mr. Boyle added limited data was available for two groups, amputation and systemic vasculitides, and would be reimbursed at 76 percent of charge.

However, Mr. Boyle noted he would review the data further to see if amputation was transferred into another group. Mr. Boyle discussed average per diems for each geozip.

Chairman Ruth indicated the next step was to finalize the rules for these new fee schedules, and present to the Advisory Board for review and then the Commission.

Chairman Ruth also provided an update the 2008 fee schedule. Ingenix informed him that some coding issues with HCPCS were not yet resolved, but the new January 1, 2008 fee schedule is still expected to be available in mid-December.

Chairman Ruth also provided an update regarding Jacksonville Physical Therapy Rehabilitation Facility. The provider recently filed a formal proceeding with the Commission asking for a modification in the fee schedule. The case has been assigned to Commissioner Basurto. The Chairman noted that though this case is unique to the Commission, the Commissioner is required to follow the same rules of procedure as required for all other cases on review.

Ms. Maddy Bowling suggested the board define access and various criteria that providers should be required to meet to prove access is being denied, and the board discussed this issue. Chairman Ruth added the Commission would ultimately define access and criteria in its decision-making process.

Next Mr. Boyle addressed the letter from the Illinois Employment Law Council. First he spoke about hospital billing for professional services which are not subject to the professional fee schedule. He explained the premise that hospitals are operating in a different economic setting than other providers, which is why they are treated differently and other fee schedules specifically developed for hospitals exist. Mr. Boyle noted that professional charges represent less than 1% of hospital charges.

The board discussed opportunities for fraudulent actions to occur by providers choosing whatever fee schedule or geozip that pays the highest, and noted the importance of eliminating any ambiguous wording or loopholes. Chairman Ruth also reminded the board of the Division of Insurance Fraud Unit which was established to investigate fraudulent actions, including those in relation to the medical fee schedule. Mr. Jay Shattuck also suggested abuse exists in the area of implants, and indicated he would provide more information to the board.

Mr. Boyle next addressed the issue of emergency room codes, indicating that some line items are impossible to fee schedule based on historical charge data, but the hospital fee schedule for radiology, pathology and laboratory, and physical therapy will apply to these emergency room bills.

Mr. Tim Bruins asked the board if any reporting requirements would be developed to analyze and monitor utilization in development of future rules and fee schedules. Chairman Ruth indicated the Commission has statutory obligations and unless new laws are enacted, only fee schedule rules will be developed.

Mr. Mark Flannery suggested that in the review and revision of the existing Commission rules that the expertise of the board members be utilized. The Chairman agreed and spoke about the need to revise rules on an overall basis, which may include those related to the fee schedule.

Ms Bowling requested the issue of access be added to the next meeting's agenda. The board discussed the next meeting date to be held on January 11, 2008 in which the new rules would be reviewed, and future meetings in 2008 would be scheduled.

The meeting was adjourned at 10:15 a.m.